



General Assembly

Substitute Bill No. 5229

February Session, 2012

* ____HB05229INS__031612____ *

**AN ACT EXEMPTING CERTAIN ASSOCIATIONS FROM THE
INSURANCE STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-625 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2012*):

3 (a) Nothing contained in sections 38a-595 to 38a-626, inclusive, as
4 amended by this act, 38a-631 to 38a-640, inclusive, and 38a-800 shall be
5 so construed as to affect or apply to: [(a)] (1) Grand or subordinate
6 lodges of societies, orders or associations doing business in this state
7 on January 1, 1958, [which] that provide benefits exclusively through
8 local or subordinate lodges; [(b)] (2) [orders,] societies, orders or
9 associations [which] that admit to membership only persons engaged
10 in one or more crafts or hazardous occupations, in the same or similar
11 lines of business, and the ladies' societies or ladies' auxiliaries to such
12 [orders,] societies, orders or associations; [(c)] (3) domestic societies
13 [which] that limit their membership to employees of a particular city
14 or town, designated firm, business house or corporation, [which] that
15 provide for a death benefit of not more than four hundred dollars or
16 disability benefits of not more than three hundred fifty dollars to any
17 person in any one year, or both; [(d)] (4) domestic societies or
18 associations of a purely religious, charitable or benevolent description,
19 [which] that provide for a death benefit of not more than four hundred

20 dollars or for disability benefits of not more than three hundred fifty
21 dollars to any one person in any one year or both; [or (e)] (5) nonprofit
22 voluntary associations [which] ~~that~~ provide ambulance service [,] and
23 are financed by subscription or gifts only; or (6) on and after July 1,
24 2012, and until July 1, 2015, associations that are tax-exempt
25 organizations under Section 501(c)(23) of the Internal Revenue Code of
26 1986, or any subsequent corresponding internal revenue code of the
27 United States, as amended from time to time.

28 (b) Any such society or association described in subdivision [(c)] (3)
29 or [(d)] (4) of subsection (a) of this section, [which] that provides for
30 death or disability benefits for which benefit certificates are issued, and
31 any such society or association included in subdivision [(d) which] (4)
32 of subsection (a) of this section that has more than one thousand
33 members, shall not be [exempted] exempt from the provisions of
34 sections 38a-595 to 38a-626, inclusive, as amended by this act, 38a-631
35 to 38a-640, inclusive, and 38a-800 but shall comply with all
36 requirements [hereof] in said sections. No society [which] that, by the
37 provisions of this section, is exempt from the requirements of said
38 sections, except any society described in subdivision [(b)] (2) of
39 subsection (a) of this section, shall give or allow, or promise to give or
40 allow, to any person any compensation for procuring new members.
41 Every society [which] that provides for benefits in case of death or
42 disability resulting solely from accidents, and [which] that does not
43 obligate itself to pay natural death or sick benefits, shall have all the
44 privileges and be subject to all the applicable provisions and
45 regulations of said sections, except that the provisions [hereof] in said
46 sections relating to medical examination, valuations of benefit
47 certificates and incontestability shall not apply to such society. The
48 commissioner may require from any society or association, by
49 examination or otherwise, such information as will enable [him] the
50 commissioner to determine whether such society or association is
51 exempt from the provisions of said sections. Societies [,] exempted
52 under the provisions of this section [,] shall also be exempt from all
53 other provisions of the insurance laws of this state. On and after July 1,

54 2012, and until July 1, 2015, associations exempted under the
 55 provisions of subdivision (6) of subsection (a) of this section shall also
 56 be exempt from all other provisions of the insurance laws of this state.

57 Sec. 2. Section 38a-595 of the general statutes is repealed and the
 58 following is substituted in lieu thereof (*Effective July 1, 2012*):

59 Any incorporated society, order or supreme lodge, without capital
 60 stock, including one exempted under subdivision [(b)] (2) of subsection
 61 (a) of section 38a-625, as amended by this act, whether incorporated or
 62 not, conducted solely for the benefit of its members and their
 63 beneficiaries and not for profit, operated on a lodge system with
 64 ritualistic form of work, having a representative form of government,
 65 and [which] that makes provision for the payment of benefits in
 66 accordance with sections 38a-595 to 38a-626, inclusive, as amended by
 67 this act, 38a-631 to 38a-640, inclusive, and 38a-800, is declared to be a
 68 fraternal benefit society. When used in sections 38a-595 to 38a-626,
 69 inclusive, as amended by this act, 38a-631 to 38a-640, inclusive and
 70 38a-800, "society", unless otherwise indicated, means fraternal benefit
 71 society and "premiums" means premiums, rates or other required
 72 contributions by whatever name known.

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| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>July 1, 2012</i> | 38a-625 |
| Sec. 2 | <i>July 1, 2012</i> | 38a-595 |

INS *Joint Favorable Subst.*